is necessary, according to the RBI, to bring about a sharp break in inflationary expectations.

The above analysis of the price situation by the RBI is in line with the analysis contained in the Report of the Economic Advisory Council submitted to the Government and the pre-Budget Economic Survey for 1989-90 and has been kept in view in the formulation of the 1990-91 Budget. The Government is following a multi-pronged policy to curb effective demand through strict fiscal and monetary discipline, supply side measures and steps to check inflationary expectations.

The RBI in their credit policy for the first half of 1990-91 has therefore, *inter alia*, increased the Statutory Liquidity Ratio (SLR) from 38 per cent to 38.5 per cent of net demand and time liabilities effective from September 22, 1990. Further, SLR of 25 per cent in respect of non-resident (external rupee account) and foreign currency (NR account) is also being raised to 30 per cent effective from 28th July, 1990.

Service Area Approach of Banks

*47. DR. NARREDDY THULASI REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Service Area Approach of Banks has led to negligent and arrogant behaviour on the part of Bank Managements;

(b) if so, whether there is any proposal to cancel or alter the Service Area Approach; and

(c) if the answer to part (b) above be in the affirmative, what other measures Government propose to take to tackle the problem?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) to (c) Any complaints received regarding negligent or arrogant behaviour on the part of Bank Management are to be dealt with on an individual basis. The Scheme of Service Area Approach to rural lending has become operational with effect from 1-4-1989. There is no proposal at present to cancel or alter the Scheme. Under this approach, a group of fifteen to twenty-five villages are allotted to a rural or semi-urban Bank branch with a view to bringing about an orderly and planned disbursement of credit in the service area.

U.S. State Trade Secretary's statement on India's attitude on 'Super 301'

*48. SHRI A.G. KULKARNI:
SHRI VISHWASRAO RAMRAO PATIL:

Will the Minister of COMMERCE be pleased to state:

(a) whether Government's attention has been drawn to a news-item which appeared in the *Times of India* of 7th April, 1990 about the criticism by the U.S. State Trade Secretary about India's attitude on 'Super 301' at the meeting of Indian and American businessmen; and

(b) if so, what is Government's reaction thereto?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): (a) Yes, Sir.

(b) In an inter-dependent world, we recognise the contribution that expansion of economic and commercial exchanges can make to our economic well being. However, our economic policies are geared to meeting our socio-economic objectives and are designed to address the problems arising out of our economic situation. Critical references to our policies show lack of appreciation of the socio-economic imperatives that guide policy-making in India.

The remarks also reflect the philosophy underlying the US Trade Law which mandates the use of the leverage of access to the US market for trade in goods to oblige its trading partners to